

- **BC's inflation rate falls to 0.1%, lowest level in more than a decade**
- **Manufacturing shipments resume downward slide, falling 2.1% in April**
- **Retail and wholesale sales improve in April**

Prices

- **British Columbia's year-over-year inflation rate declined 0.2 percentage points in May, dropping to its lowest level (0.1%) in more than a decade as energy costs continued to plummet (-15.2%).** The inflation rate for goods and services other than energy inched down to 1.5%.

The cost of food climbed 5.6% as groceries (+7.0%) and restaurant meals (+3.1%) were pricier. Falling shelter costs (-1.4%) helped push down the overall price level, with the cost of owned accommodation (-2.2%) continuing to decrease. On the other hand, rented accommodation remained 1.7% higher than in May 2008. British Columbians paid substantially less for fuel oil & other fuels (-34.9%) and natural gas (-3.3%), but other utilities such as water (+8.6%) and electricity (+0.8%) took a bigger bite out of the household budget.

For the seventh straight month, drivers paid less at the pump (-22.2%), resulting in lower costs for transportation (-6.7%) despite higher prices for insuring (+2.3%) and maintaining & repairing (+4.0%) a motor vehicle.

British Columbians paid more for alcohol & tobacco products (+2.6%), health & personal care (+2.6%) and clothing & footwear (+3.5%). However, prices for furniture (-1.0%) and home entertainment equipment (-2.3%) were lower than in May 2008.

The inflation rate in Vancouver (+0.1%) was on par with the provincial average, while Victoria's (+0.3%) was a bit higher.

Data Source: Statistics Canada

- **Canadian prices inched up just 0.1% in May, following a 0.4% increase in April.** Energy prices (-18.3%) coupled with the first decline (-0.2%) in shelter costs recorded since June 2002 were the principal deflationary factors. Consumer price increases eased in most provinces. Manitoba (+0.8%) and Saskatchewan (+0.7%) recorded the highest inflation rates in the country.

Data Source: Statistics Canada

The Economy

- **BC manufacturing shipments declined 2.1% (seasonally adjusted) in April, more than reversing the 1.0% gain recorded in March.** A 0.7% slip in shipments by manufacturers of non-durable goods was largely due to a downturn in the food industry (-3.4%). Sales by producers of plastics & rubber (-4.5%) also slumped, while paper (+2.6%) and beverage & tobacco (+1.9%) manufacturers posted increases.

In the durables sector, shipments were down (-3.5%) for the sixth straight month even though the wood industry posted its first increase (+3.2%) after five months of losses. Manufacturers of non-metallic mineral products (+12.7%) also made up some lost ground. However, lower shipments by producers of primary (-10.7%) and fabricated (-12.7%) metals and machinery (-8.3%) and transportation equipment (-15.1%) more than offset the increases.

Nationally, Canadian manufacturers saw relatively flat factory sales (-0.1%) in April, with seven provinces posting declines. Quebec (+4.7%) and New Brunswick (+1.4%)

Did you know...

14% of British Columbians aged 25 to 65 spend less than one hour a week engaged in physical activity. *Source: Ipsos Canada*

showed the healthiest increases.

Data Source: Statistics Canada

- **Retail sales in the province were up (+1.3%, seasonally adjusted) in April, marking the first time since January that sales have risen.** The uptick was partly due to an improvement in the automotive sector, as sales by retailers of both new and used vehicles picked up speed. Retailers of building & outdoor home supplies, general merchandisers, clothing stores and pharmacies also saw sales recover somewhat after slumping earlier in the year. However, food stores and furniture retailers did not fare as well.

Canadian sales fell 0.8% in April, with retail sales slumping in six provinces including Ontario (-1.1%) and Quebec (-2.5%). BC, PEI (+1.7%) and Alberta (+0.6%) were the only provinces to see a noticeable improvement in sales figures. After escaping the general malaise earlier in the year, sales in Newfoundland were flat (+0.1%) in April.

Data Source: Statistics Canada & BC Stats

- **British Columbia's wholesalers posted a 1.2% (seasonally adjusted) increase in the value of goods sold in April, the first rise in sales registered since August 2008.** The growth was mostly attributable to higher sales of motor vehicles. Canadian wholesale sales were off 0.6% in April due mostly to weakness in the building materials (-2.9%) and machinery & electronic equipment (-1.2%) sectors. With the exception of BC and Newfoundland (+2.1%), all provinces posted declines.

Data Source: Statistics Canada

- **Motor vehicle sales in BC revved up (+4.7%, seasonally adjusted) in May, climbing to 12,103 following strong sales growth (+2.8%) in April.**

Nationally, new motor vehicle sales were flat (+0.0%) in April as sales of passenger cars built in North America (-3.7%) continued to tumble, offsetting gains made by those manufactured overseas (+5.0%). Flagging sales in Quebec (-3.3%) and Ontario (-1.6%) offset

gains elsewhere in the country. PEI (+7.1%) and Manitoba (+7.0%) recorded the largest increase in sales.

Data Source: Statistics Canada

Tourism

- **The number of visitors arriving in Canada via BC slipped (-0.3%, seasonally adjusted) in April as fewer Americans (-0.8%) crossed the border into BC.** Same day trips were down (-4.6%), but the number of overnight visits from the States increased 1.1%.

Overseas entries rose (+1.1%) in April, largely because European entries rebounded (+7.4%), posting the strongest increase in three years. However, entries from Asia (-0.8%) and other regions (-4.3%) were down, largely because of a 14.4% drop in entries from other parts of North & Central America & the Caribbean. The swine flu epidemic began in late April, and while this played a role in the downturn, entries from Mexico to BC began to slump earlier in the year.

Data Source: Statistics Canada

Technology

- **In December 2008, one in ten households in BC (10%) relied solely on cell phones for their primary telephone service.** This proportion was the second highest among the provinces, just behind Alberta (12%). In addition, the number of households (78%) that reported having at least one cell phone was also well above the national average (74%).

An estimated eight percent of Canadian households relied solely on cell phones in December 2008 while 74% reported using at least one cell phone in the household, with Quebec (66%) having the lowest proportion and Alberta (85%) the highest.

Younger residents were much more likely to use only a cell phone, with 34% of households comprised solely of adults aged between 18 and 34 relying exclusively on cell phones.

Data Source: Statistics Canada

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Travel Between Canada and Mexico

Swine flu epidemic affecting travel to Mexico

The swine flu (H1N1¹) epidemic that is currently gripping Mexico and has spread to other countries has led to the federal government issuing a travel advisory for Canadians intending to visit Mexico, and resulted in the cancellation of a number of scheduled flights from Canada to Mexico. Some US-based cruise ship companies which regularly visit Mexico have either cancelled sailings or rescheduled stops at Mexican ports.

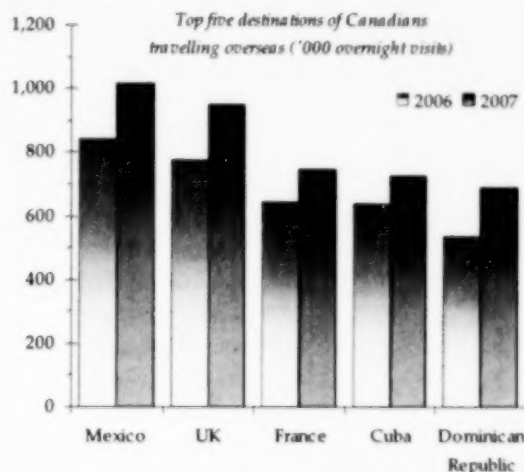
Measures taken by the Mexican authorities to limit the spread of the disease have included the closure of schools and public places in Mexico City. Authorities in other countries such as the US, where there are pockets of influenza, have also begun taking preventive measures. At present there are relatively few confirmed cases in Canada.

Mexico is the second most popular destination after the US

While the main cause for concern is the human toll taken by the virus, it will almost certainly have a significant effect on tourism between Mexico and Canada. Mexico is a very popular tourist destination and travel from Mexico to Canada has increased significantly during the last few years. In fact, Mexico is the most popular international tourist destination for Canadians, after the US². According to data from the International Travel Survey, more than a million

Canadians visited Mexico in 2007, accounting for about 14% of all visits made by Canadians to destinations other than the US. It is estimated that about 1,144,000 Canadians travelled to Mexico in 2008³. Prior to 2006, the UK was the most popular overseas⁴ destination for Canadians.

Mexico is the most popular destination for Canadians travelling to countries other than the US



Data Source: Statistics Canada

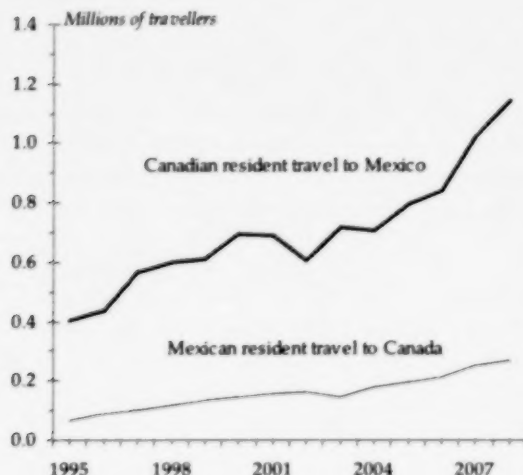
¹ According to the Centre for Disease Control and Prevention, the classical swine flu is caused by an influenza type A H1N1 virus.

² About 85% of Canadian international travel is to the US.

³ Based on information supplied by the Mexican government.

⁴ "Overseas" includes all countries other than the US.

Canadian travel to Mexico has increased significantly since the beginning of the decade



Data Source: Statistics Canada

86,061 Mexican residents travelled to BC in 2008

Mexico is also becoming an increasingly important source of tourism dollars in Canada as a whole as well as in British Columbia. BC is the second-most common province of entry for travellers coming from Mexico to Canada. In 2008, there were 270,828 entries by Mexican residents to Canada. Of these, 108,851 arrived in Ontario, 86,061 came to BC and 51,623 arrived in Quebec.

Ontario and BC are the most common points of entry for visitors from Mexico



Data Source: Statistics Canada

Most Mexican visitors are tourists

Most of these visitors are tourists (vacationing or visiting friends and relatives), but some are farm workers brought to Canada to provide short-term help with planting, harvesting and other types of farm labour. In 2008, the total number of Mexican workers in BC was just under 3,900, suggesting that most of the visitors from Mexico came to BC for reasons other than employment.

A small but growing market

Although Mexico is a growing market for British Columbia and other parts of the country, travellers from Mexico still make up a relatively small percentage of total entries to the province. In 2008, about 6% of overseas⁵ entries to BC and Canada were from Mexico. This is significantly more than in 1995, when Mexico accounted for less than 2% of total entries. The UK, Japan, and Australia, together with China (including Hong Kong) remain significantly bigger tourism markets for British Columbia.

⁵ From countries other than the US.

There is not a lot of data on the number of British Columbians who travel to Mexico. However, information from the International Travel Survey suggests that about 17% of Canadians who visited Mexico in the first nine months of last year were residents of British Columbia.

The flu outbreak began in Mexico, but has spread to the rest of North America, as well as other continents. While the immediate impact of the outbreak is being felt in Mexico's tourism sector, it is possible that the situation may have more far-reaching economic effects in other parts of the world.

The SARS outbreak in 2003, which primarily affected the provinces of Ontario and BC, led to a sharp reduction in travel to Canada from Asia, as many Asians cancelled planned trips to the country. Ontario was hardest hit, but BC's tourism sector also felt the impact of the downturn in Asian travel. Although the confirmed cases of H1N1 in Canada appear to be relatively mild, developments during the next few weeks will determine whether or not the outbreak will have a significant economic impact beyond Mexico's borders.



Email transmission information service from BC Stats



also on the Internet at www.bcstats.gov.bc.ca or choose **RSS**

BC at a glance . . .

POPULATION (thousands)		
	Jan 1/2009	% change on one year ago
BC	4,420.0	1.7
Canada	33,504.7	1.2
GDP and INCOME (Revised Apr 27)		
(BC - at market prices)	2008	% change on one year ago
Gross Domestic Product (GDP) (\$ millions)	199,214	3.5
GDP (\$ 2002 millions)	164,161	-0.3
GDP (\$ 2002 per Capita) (reflects revised pop)	37,466	-1.9
Personal Disposable Income (\$ 2002 per Capita)	26,110	3.3
TRADE (\$ millions, seasonally adjusted)		
		% change on prev. month
Manufacturing Shipments - Apr	2,681	-2.1
Merchandise Exports - Apr	2,111	-4.5
Retail Sales - Apr	4,350	1.3
CONSUMER PRICE INDEX		
(all items - May 2009)	% change on one year ago	12-month avg % change
BC	0.1	1.9
Vancouver	0.1	2.1
Victoria	0.3	1.8
Canada	0.1	1.9
LABOUR FORCE (thousands)		
(seasonally adjusted)	May '09	% change on prev. month
Labour Force - BC	2,443	0.3
Employed - BC	2,259	0.1
Unemployed - BC	185	2.6
		Apr '09
Unemployment Rate - BC (percent)	7.6	7.4
Unemployment Rate - Canada (percent)	8.4	8.0
INTEREST RATES (percent)		
	Jun 17/2009	Jun 18/2008
Prime Business Rate	2.25	4.75
Conventional Mortgages - 1 year	3.75	6.95
- 5 year	5.85	7.15
US-CANADA EXCHANGE RATE		
	Jun 17/2009	Jun 18/2008
(avg. noon spot rate) Cdn \$ per US \$	1.1371	1.0145
(closing rate) US \$ per Cdn \$	0.8842	0.9820
AVERAGE WEEKLY WAGE RATE		
(industrial aggregate - dollars)	May '09	% change on one year ago
BC	790.22	1.6
Canada	795.49	2.3

SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate } Statistics Canada
Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics
For latest Weekly Financial Statistics see www.bankofcanada.ca

Statistical Profiles of Aboriginal Peoples
These profiles provide comparisons of the socio-economic conditions of the Aboriginal populations as well as profiles of Aboriginal groups such as First Nations, Métis, and Status Indians using data available from the 2006 Census. These profiles provide a range of data with particular focus on education and labour market issues.

www.bcstats.gov.bc.ca/data/cen01/abor/ap_main.asp

Socio-Economic Profiles

Revisions for 2008 now available. The profiles consist of charts and tables for the 26 Regional Districts, 86 Local Health Areas, 16 Health Service Delivery Areas, 5 Health Authorities, 8 Development Regions, and 15 College Regions within the Province of British Columbia. Also included are the special geographies of the Georgia, Fraser, and Columbia Basins.

www.bcstats.gov.bc.ca/data/sep/choose.asp

BC Economic Accounts

With this release from Statistics Canada, preliminary estimates have been made for 2008 without revisions to previous years. BC gross domestic product (GDP), personal income, final domestic demand and trade flow data have been updated on our web-site.

www.bcstats.gov.bc.ca/data/bus_stat/econ_acct.asp

Released this week by BC Stats

- Consumer Price Index, May 2009
- Tourism Room Revenue, May 2009

Next week

- Quarterly Regional Statistics, 1st Quarter 2009